

AMENDED IN ASSEMBLY APRIL 9, 2008

AMENDED IN ASSEMBLY APRIL 1, 2008

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 2653**

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**Introduced by Assembly Member Garcia**

February 22, 2008

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An act to add Section 1366.1.1 to the Health and Safety Code, to add Section 12693.55 to the Insurance Code, and to add Section 14093.01 to the Welfare and Institutions Code, relating to health care coverage.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2653, as amended, Garcia. Hospital access pass.

Existing law provides for regulation of health care service plans by the Department of Managed Health Care. Existing law requires the department to adopt regulations that establish an extended geographic accessibility standard for access to health care providers served by health care service plans in counties with a 500,000 population or less that have 2 or fewer plans providing coverage to the entire county in the commercial market. Existing law creates various programs to provide health care coverage to persons with limited incomes, including the Healthy Families Program administered by the Managed Risk Medical Insurance Board and the Medi-Cal program administered by the State Department of Health Care Services.

This bill would authorize a health plan participating in the Healthy Families Program or the Medi-Cal program to request a hospital access pass from its respective administering agency if the health plan is unable to reach an agreement with a hospital in order to meet the geographic accessibility standard. The bill would require hospital services thereafter

provided to plan members to be reimbursed at specified rates set by the California Medical Assistance Commission.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 1366.1.1 is added to the Health and Safety  
2 Code, to read:

3 1366.1.1. (a) Notwithstanding any other provision of law, a  
4 health care service plan participating in a publicly funded program  
5 that is granted a hospital access pass pursuant to Section 12693.55  
6 of the Insurance Code or Section 14093.05 of the Welfare and  
7 Institutions Code shall be considered as meeting the geographic  
8 accessibility standards under this chapter.

9 (b) "Hospital access pass" means a waiver of the geographic  
10 accessibility standards established by the department pursuant to  
11 this chapter.

12 (c) *For purposes of obtaining a hospital access pass, "hospital"*  
13 *means the sole hospital provider offering one or more medically*  
14 *necessary hospital services within a plan's service time and*  
15 *mileage guidelines as required by Section 1300.51(d)H(ii) of Title*  
16 *28 of the California Code of Regulations.*

17 SEC. 2. Section 12693.55 is added to the Insurance Code, to  
18 read:

19 12693.55. (a) (1) A participating health plan may request a  
20 hospital access pass from the Managed Risk Medical Insurance  
21 Board if, after ~~60~~ 120 consecutive days of good faith negotiation  
22 on the part of the plan, the hospital and the plan are unable to reach  
23 an agreement on a contract. ~~A participating health plan shall make~~  
24 ~~a request for a hospital access pass within 15 days after the 60~~  
25 ~~consecutive days of good faith negotiation.~~

26 (2) The board shall grant a hospital access pass unless the  
27 hospital can demonstrate, *within 15 days of the request for an*  
28 *access pass*, that the plan has acted in bad faith. Once a pass is  
29 granted by the board, the hospital shall grant access to any  
30 participating health plan member. *Each hospital access pass shall*  
31 *have a one-year term, during which time the plan and the hospital*  
32 *shall continue to negotiate in good faith to reach an agreement*  
33 *on a contract. A hospital access pass shall be renewable in the*

1 *absence of a contract if the terms of this section continue to be*  
2 *met.*

3 (b) Any hospital service provided to a participating health plan  
4 member pursuant to this section shall be reimbursed at the area  
5 prevailing rates established by the California Medical Assistance  
6 Commission.

7 (c) “Hospital access pass” means a waiver of the geographic  
8 accessibility standards established by the Department of Managed  
9 Health Care pursuant to Chapter 2.2 (commencing with Section  
10 1340) of Division 2 of the Health and Safety Code.

11 (d) “Good faith negotiation” means the efforts undertaken by  
12 the participating health plan to contract with a hospital to satisfy  
13 the access requirements reflecting any commensurate rate increase  
14 provided by the board to the participating health plan.

15 (e) *For purposes of obtaining a hospital access pass, “hospital”*  
16 *means the sole hospital provider offering one or more medically*  
17 *necessary hospital services within a plan’s service time and*  
18 *mileage guidelines as required by Section 1300.51(d)H(ii) of Title*  
19 *28 of the California Code of Regulations.*

20 SEC. 3. Section 14093.01 is added to the Welfare and  
21 Institutions Code, to read:

22 14093.01. (a) As used in this section, the following terms shall  
23 have the following meanings:

24 (1) “Participating health plan” means any entity contracting  
25 with the director pursuant to Section 14093.05 of the Welfare and  
26 Institutions Code.

27 (2) “Hospital access pass” means a waiver of the geographic  
28 accessibility standards established by the Department of Managed  
29 Health Care pursuant to Chapter 2.2 (commencing with Section  
30 1340) of Division 2 of the Health and Safety Code.

31 (3) “Good faith negotiation” means the efforts undertaken by  
32 the participating health plan to contract with a hospital to satisfy  
33 the access requirements reflecting any commensurate rate increase  
34 provided by the department to the participating health plan.

35 (4) *For purposes of obtaining a hospital access pass, “hospital”*  
36 *means the sole hospital provider offering one or more medically*  
37 *necessary hospital services within a plan’s service time and*  
38 *mileage guidelines as required by Section 1300.51(d)H(ii) of Title*  
39 *28 of the California Code of Regulations.*

(b) (1) A participating health plan may request a hospital access pass from the State Department of Health Care Services if, after 60 120 consecutive days of good faith negotiation on the part of the plan, the hospital and the plan are unable to reach an agreement on a contract. ~~A participating health plan shall make a request for a hospital access pass within 15 days after the 60 consecutive days of good faith negotiation.~~

(2) The department shall grant a hospital access pass unless the hospital can demonstrate, *within 15 days of the request for an access pass*, that the plan has acted in bad faith. Once a pass is granted by the department, the hospital shall grant access to any eligible participating health plan member, unless the hospital elects to forfeit its status as a Medi-Cal provider. *Each hospital access pass shall have a one-year term, during which time the plan and the hospital shall continue to negotiate in good faith to reach an agreement on a contract. A hospital access pass shall be renewable in the absence of a contract if the terms of this section continue to be met.*

(3) Any hospital service provided to an eligible participating health plan member pursuant to this section shall be reimbursed at the area prevailing rates established by the California Medical Assistance Commission.